

THE OFFICE OF THE GOVERNOR

EXECUTIVE DEPARTMENT
STATE OF IDAHO
BOISE

EXECUTIVE ORDER NO. 2000-19

RELATING TO THE DESIGNATION OF EDUCATION FUNDING ASSOCIATION, INC. AS AN AUTHORIZED ENTITY TO PURCHASE STUDENT LOANS RELATING TO RESIDENTS OF THE STATE OF IDAHO OR PERSONS ATTENDING POST SECONDARY EDUCATIONAL INSTITUTIONS IN THE STATE OF IDAHO

REPEALING AND REPLACING EXECUTIVE ORDER 96-23

WHEREAS, pursuant to the provisions of Title IV, Part B of the Federal Higher Education Act of 1965, as amended (the “Higher Education Act”) (20 U.S.C., Chapter 1071 *et seq.*) the United States Congress has provided for Federal insurance of student loans made pursuant to the Higher Education Act or, in the alternative, for Federal reimbursement of guaranty payments made on such student loans in states where state guaranty programs are operated pursuant to the Higher Education Act and the United States Congress has also provided through the Higher Education Act for payment by the Federal government of interest and other subsidies on such student loans; and

WHEREAS, the United States Congress has provided through the Higher Education Act and Section 150(d) of the Internal Revenue Code 1986, as amended (“Section 150(d)”), procedures whereby certain nonprofit corporations may issue tax-exempt “qualified scholarship funding bonds” for the purpose of obtaining funds to finance the acquisition of student loans originated under the Higher Education Act; and

WHEREAS, assuring that loans for post-secondary education are accessible in Idaho at favorable rates of interest and repayment terms is an important objective in Idaho’s total effort to provide adequate opportunities for our citizens to benefit from post-secondary education; and

WHEREAS, assuring adequate access to educational loans requires the availability of a statewide secondary market authorized to issue qualified scholarship funding bonds, which provides liquidity for investments in such loans, thereby further encouraging and permitting commercial lenders to make additional educational loans; and

WHEREAS, Education Funding Association, Inc., an Idaho nonprofit corporation (the “Corporation”), was formed under the nonprofit corporation laws of the State of Idaho. In 1996, the Corporation was designated by the Office of the Governor for the State of Idaho as a statewide secondary market authorized to issue qualified scholarship funding bonds; and

WHEREAS, the Corporation established a student loan purchase program designed to increase the amount of funds available for educational loans to students who are residents of Idaho or who are attending post-secondary education institutions in the State of Idaho, as provided by the United States Congress through the Higher Education Act and Section 150(d), and which assures the people of the State of Idaho fair, efficient and competitive access to educational loans and coordinated planning and administration of this program; and

WHEREAS, in my capacity as Chief Executive Officer of the State of Idaho, I desire to facilitate the continued provision of the best possible student loan and educational finance services available to the students in Idaho by renewing the designation of the Corporation as an entity authorized to issue qualified scholarship funding bonds; and

WHEREAS, it is advantageous to all sectors of post-secondary education in the State of Idaho for this State to continue receiving the assistance made available under applicable programs established pursuant to the Federal Higher Education Act.

NOW, THEREFORE, I, DIRK KEMPTHORNE, Governor of the State of Idaho, by the authority vested in me under the Constitution and laws of this state, do hereby order as follows:

1. Education Funding Association, Inc. is hereby designated to provide an Idaho educational loan secondary market and warehousing facility pursuant to the provisions of Part B of Title IV of the Higher Education Act of 1965, as amended (20 U.S.C., chapter 1071, *et seq.*) and Section 150(d) of the Internal Revenue Code of 1986, as amended, and authorized to issue qualified scholarship funding bonds in the State of Idaho.

2. *Education Funding Association, Inc. shall meet all of the requirements of Federal law and regulations as well as the statutes of the State of Idaho, and shall obtain all necessary designations required under Federal law and regulations necessary and appropriate to act in such capacity under the Higher Education Act of 1965, as amended.*

3. *Education Funding Association, Inc. shall come under the supervision of the Idaho Department of Finance, which shall have authority pursuant to the laws it administers to enforce the provisions of this Order.*

4. *Prior to the sale of any securities, Education Funding Association, Inc. shall have provided to the Department of Finance the following, unless waived by the Department of Finance:*

- (a) A market survey outlining the potential scope of its secondary market, including comments by affected persons;*
- (b) A plan for doing business in accordance with the requirements of the Higher Education Act of 1965;*
- (c) All approvals, disapprovals and comments by the United States Department of Education; and*
- (d) Its Articles of Incorporation and Bylaws setting forth, among other things, its standards for directors, officers, and employees.*

5. *Unless waived by the Department of Finance, Education Funding Association, Inc. shall:*

- (a) Submit to periodic examinations by the Department of Finance;*
- (b) File each preliminary prospectus with the Department of Finance prior to the issuance of securities;*
- (c) Provide copies to the Department of Finance of any and all internal or external audits from any sources, as well as management letters, adverse actions, or other significant communications from the United States Department of Education;*
- (d) Make quarterly financial reports to the Department of Finance; and*
- (e) Provide the Department of Finance with prompt notice of any defaults, litigation by or against Education Funding Association, Inc., or any material change in the program offered by Education Funding Association, Inc.*

6. *This order may be revoked upon a 60-day written notice except that such revocation must be made in good faith, and adequate financial arrangements must be made to insure the proper continuation of coverage for outstanding loans.*

7. *The State of Idaho assumes no liability as a result of this request. All debts and liabilities resulting from this program shall be the sole responsibility of the Education Funding Association, Inc.*

This Executive Order shall cease to be effective four years after its entry into force.



IN WITNESS WHEREOF, I have hereunto set my hand and caused to be affixed the Great Seal of the State of Idaho at the Capitol in Boise on this 29th day of December in the year of our Lord two-thousand and of the Independence of the United States of America the two hundred twenty-fourth and of the Statehood of Idaho the one hundred tenth.

A handwritten signature in black ink, reading "Dirk Kempthorne".

DIRK KEMPTHORNE
GOVERNOR

A handwritten signature in black ink, reading "Pete T. Cenarrusa".

PETE T. CENARRUSA
SECRETARY OF STATE